



**DEPARTMENT OF THE AIR FORCE**  
**WASHINGTON, DC**

**16 APR 2003**

**Office of the Assistant Secretary**

**SAF/IEI**  
**1665 Air Force Pentagon**  
**Washington, DC 20330-1665**

**The Honorable Duncan Hunter**  
**Chairman, Committee on Armed Services**  
**United States House of Representatives**  
**Washington, DC 20515-6035**

**Dear Mr. Chairman**

**I am notifying you of the Department of the Air Force's intent to award a housing privatization project for 552 units of military family housing for Patrick Air Force Base, Florida, using the Military Housing Privatization Initiative authorities enacted by Section 2801 of the National Defense Authorization Act for Fiscal Year 1996, P.L. 104-106, as amended (codified at 10 U.S.C. 2871 - 2885). The Under Secretary of Defense (Comptroller) will notify the Committees separately of the intent to award and inform them that no transfer of funds appropriated for Air Force military family housing construction into the Family Housing Improvement Fund is required for this project. A summary of the project is enclosed for your information.**

**The Deputy Under Secretary of Defense (Installations and Environment) concurs with this notification.**

**The Air Force intends to award the project no sooner than 45 days after the Congressional notifications.**

**A similar letter has been sent to the Ranking Minority Member of your Committee and to the Chairman and Ranking Minority Member of the Senate Armed Services Committee.**

**Sincerely**

A handwritten signature in black ink, appearing to read "Fred W. Kuhn", is written over the typed name.

**FRED W. KUHN**

**Deputy Assistant Secretary of the Air Force**  
**(Installations)**

**Enclosure:**  
**Project Summary**

## **MILITARY HOUSING PRIVATIZATION INITIATIVE AIR FORCE PROJECT SUMMARY**

### **INSTALLATION:**

Patrick AFB, FL

### **SCOPE:**

The Air Force proposes to enter into a limited liability company (LLC) with the Offeror to achieve two objectives. The first is to plan, design, develop, renovate, replace, construct, own, operate, maintain, and manage a 552 unit rental development for Air Force personnel (545 units in the South Housing Area and 7 units in the North Housing Area) for a period of up to 50 years. The second is to develop portions of the South Housing Area site, which are not required for Air Force use, in a manner that is compatible with the Air Force residential use. This development is to support, facilitate, and expedite the provision of Air Force housing units and provide an appropriate financial return to the Air Force in exchange for its contribution of land to the enterprise. These actions will accelerate housing development and reduce waiting times for more suitable housing, ultimately improving morale of Air Force personnel.

The Air Force has available land and improvements on the land. The Air Force will convey 960 housing units. In addition, the Air Force will convey 273.71 acres of improved land of the 309.99 acre "South Housing Area" parcel, and lease 4.05 acres of unimproved land in the Central Housing Area. The lease of the land in the Central Housing Area will be for the construction of seven senior officer quarters, including one general officer's quarters, to replace units located in the South Housing Area. The conveyances and lease will be in exchange for the Air Force having priority rights to adequate housing for military families and a return on the Government's investment. Of the 960 units to be conveyed, 552 will be replaced, and 408 demolished.

Of the 552 new units, it is anticipated that all will be single-family units. Patrick's two other housing areas, which will remain Air Force assets, comprising 550 units constructed within the last 6 years, are dedicated to enlisted personnel.

The LLC shall be organized with the Successful Offeror as Managing Member, with certain rights of approval and remedy provided to the Air Force as non-managing Member. The development will receive priority referrals from the Patrick AFB Housing Office for military members and their families in the grades noted above who will have the right of first refusal. The Air Force will not guarantee occupancy of the units. The Successful Offeror will be paid rent directly by the military members. Rent plus utilities is not expected to exceed member's Basic Allowance for Housing (BAH), with dependents.

The Air Force will retain, for its exclusive use within the South Housing Area, three parcels of land totaling about 36 acres. These parcels contain community and recreational facilities, including the youth center, chapel, ball fields and other Morale, Welfare, and Recreation related facilities.

The offerors are encouraged to propose amenities that could improve the housing environment, such as a swimming pool, tot lots, etc. These amenities will be available for use at no cost to the members living in those housing units and will not be in competition with MWR, AAFES or DeCA.

The Air Force's objectives with regard to the development of the non-Air Force housing portion of the site are to (i) support, facilitate and expedite delivery of the Air Force units, (ii) provide uses which are consistent with the family residential community which the Air Force units will constitute and to enhance the appeal of this community, and (iii) increase the amount of financial return to the Air Force from its investment in the LLC. Examples of compatible uses of the non-Air Force portion of the site include, but are not limited to, home ownership, residential rental, hotel or resort, amateur athletic or recreational facilities (other than spectator sports) and light commercial facilities (excluding retail sales and services that could be in direct competition with the Army and Air Force Exchange Service, MWR activities, and Defense Commissary Agency) which are consistent with uses on neighboring sites. Examples of incompatible uses of the non-Air Force portion of the site include, but are not limited to, large-scale commercial developments (e.g., malls), industrial or manufacturing facilities, rooming houses or other transient residences, adult-oriented businesses, recreational vehicle (RV) parks and manufactured housing or mobile home parks.

#### AUTHORIZATIONS:

- 10 U.S.C. Section 2875, Investments.
- 10 U.S.C. Section 2878, Conveyance or lease of existing property and facilities.
- 10 U.S.C. Section 2880, Unit size and type.
- 10 U.S.C. Section 2881, Ancillary supporting facilities.
- 10 U.S.C. Section 2882, Occupants may pay rent by allotment to an eligible entity.
- 10 U.S.C. Section 2883, Department of Defense Housing Funds.

#### JUSTIFICATION:

Units were originally constructed in 1958 and 1959. Although unit exteriors have been renovated with new siding and roofing, interiors have received only minimal upgrades. The units have inadequate kitchens, bathrooms, living spaces, as well as substandard mechanical and electrical subsystems. Consequently, all units in the South Housing Area are in need of replacement or major renovation.

#### ECONOMIC ANALYSIS

A preliminary economic analysis comparing MILCON to privatization using the same scope and life cycle was completed. The resulting present value of the life cycle cost of MILCON was \$172M while privatization was \$151M; therefore, privatization is expected to be more cost effective over the 50-year transaction.

#### FUNDS AND OTHER ASSETS REQUIRED:

The Air Force will make an investment of real property in an LLC.

#### SOURCE OF FUNDS AND OTHER ASSETS:

Air Force assets available for this project include the land and improvements estimated at \$37.6M, which would be conveyed to the LLC. Leverage of equivalent MILCON costs (\$59,505,664) to the estimated scored costs (\$0) is greater than 30 : 1 in favor of privatization.

#### NON-FAR DETERMINATION:

SAF/GCQ and SAF/GCN have concluded this transaction is a real estate transaction and, therefore, not subject to the Federal Acquisition Regulation (FAR).

#### NON-COMPETITION DETERMINATION:

SAF/IE and SAF/GCN have determined that this transaction is in compliance with PL 106-65, Section 2804.

Sec. 2883. Department of Defense Housing Funds

(a) Establishment. - There are hereby established on the books of the Treasury the following accounts:

(1) The Department of Defense Family Housing Improvement Fund.

(2) The Department of Defense Military Unaccompanied Housing Improvement Fund.

(b) Commingling of Funds Prohibited. - (1) The Secretary of Defense shall administer each Fund separately.

(2) Amounts in the Department of Defense Family Housing Improvement Fund may be used only to carry out activities under this subchapter with respect to military family housing.

(3) Amounts in the Department of Defense Military Unaccompanied Housing Improvement Fund may be used only to carry out activities under this subchapter with respect to military unaccompanied housing.

(c) Credits to Funds. - (1) There shall be credited to the Department of Defense Family Housing Improvement Fund the following:

(A) Amounts authorized for and appropriated to that Fund.

(B) Subject to subsection (f), any amounts that the Secretary of Defense transfers, in such amounts as provided in

appropriation Acts, to that Fund from amounts authorized and appropriated to the Department of Defense for the acquisition or construction of military family housing.

(C) Proceeds from the conveyance or lease of property or facilities under section 2878 of this title for the purpose of

carrying out activities under this subchapter with respect to military family housing.

(D) Income derived from any activities under this subchapter with respect to military family housing, including interest on loans made under section 2873 of this title, income and gains realized from investments under section 2875 of this title, and any return of capital invested as part of such investments.

(E) Any amounts that the Secretary of the Navy transfers to that Fund pursuant to section 2814(i)(3) of this title, subject to the restrictions on the use of the transferred amounts specified in that section.

(2) There shall be credited to the Department of Defense Military Unaccompanied Housing Improvement Fund the following:

(A) Amounts authorized for and appropriated to that Fund.

(B) Subject to subsection (f), any amounts that the Secretary of Defense transfers, in such amounts as provided in

appropriation Acts, to that Fund from amounts authorized and appropriated to the Department of Defense for the acquisition or construction of military unaccompanied housing.

(C) Proceeds from the conveyance or lease of property or facilities under section 2878 of this title for the purpose of

carrying out activities under this subchapter with respect to military unaccompanied housing.

(D) Income derived from any activities under this subchapter with respect to military unaccompanied housing, including interest on loans made under section 2873 of this title, income and gains realized from investments under section 2875 of this title, and any return of capital invested as part of such investments.

(E) Any amounts that the Secretary of the Navy transfers to that Fund pursuant to section 2814(i)(3) of this title, subject to the restrictions on the use of the transferred amounts specified in that section.

(d) Use of Amounts in Funds. - (1) In such amounts as provided in appropriation Acts and except as provided in subsection (e), the Secretary of Defense may use amounts in the Department of Defense Family Housing Improvement Fund to carry out activities under this subchapter with respect to

military family housing, including

activities required in connection with the planning, execution, and administration of contracts entered into under the authority of this subchapter. The Secretary may also use for expenses of activities required in connection with the planning, execution, and administration of such contracts funds that are otherwise available to the Department of Defense for such types of expenses.

(2) In such amounts as provided in appropriation Acts and except as provided in subsection (e), the Secretary of Defense may use amounts in the Department of Defense Military Unaccompanied Housing Improvement Fund to carry out activities under this subchapter with respect to military unaccompanied housing, including activities

required in connection with the planning, execution, and administration of contracts entered into under the authority of this subchapter. The Secretary may also use for expenses of activities required in connection with the planning, execution, and administration of such contracts funds that are otherwise available to the Department of Defense for such types of expenses.

(3) Amounts made available under this subsection shall remain available until expended. The Secretary of Defense may transfer amounts made available under this subsection to the Secretaries of the military departments to permit such Secretaries to carry out the activities for which such amounts may be used.

(e) Limitation on Obligations. - The Secretary may not incur an obligation under a contract or other agreement entered into under this subchapter in excess of the unobligated balance, at the time the contract is entered into, of the Fund required to be used to satisfy the obligation.

(f) Notification Required for Transfers. - A transfer of appropriated amounts to a Fund under paragraph (1)(B) or (2)(B) of subsection (c) may be made only after the end of the 30-day period beginning on the date the Secretary of Defense submits written notice of, and justification for, the transfer to the appropriate committees of Congress.

(g) Limitation on Amount of Budget Authority. - The total value in budget authority of all contracts and investments undertaken using the authorities provided in this subchapter shall not exceed

(1) \$850,000,000 for the acquisition or construction of military family housing; and

(2) \$150,000,000 for the acquisition or construction of military unaccompanied housing.

#### -SOURCE-

(Added Pub. L. 104-106, div. B, title XXVIII, Sec. 2801(a)(1), Feb. 10, 1996, 110 Stat. 548; amended Pub. L. 104-201, div. B, title XXVIII, Sec. 2804, Sept. 23, 1996, 110 Stat. 2788; Pub. L. 106-65, div. B, title XXVIII, Sec. 2802(b), Oct. 5, 1999, 113 Stat. 848.)

#### AMENDMENTS

1999 - Subsec. (c)(1)(E). Pub. L. 106-65, Sec. 2802(b)(1), added subpar. (E). Subsec. (c)(2)(E). Pub. L. 106-65, Sec. 2802(b)(2), added subpar. (E).

1996 - Subsec. (d)(1), (2). Pub. L. 104-201 inserted at end "The Secretary may also use for expenses of activities required in connection with the planning, execution, and administration of such contracts funds that are otherwise available to the Department of Defense for such types of expenses."

## Sec. 2884. Reports

- (a) Project Reports. - (1) The Secretary of Defense shall transmit to the appropriate committees of Congress a report describing -
- (A) each contract for the acquisition or construction of family housing units or unaccompanied housing units that the Secretary proposes to solicit under this subchapter; and
  - (B) each conveyance or lease proposed under section 2878 of this title.
- (2) The report shall describe the proposed contract, conveyance, or lease and the intended method of participation of the United States in the contract, conveyance, or lease and provide a justification of such method of participation. The report shall be submitted not later than 30 days before the date on which the Secretary issues the contract solicitation or offers the conveyance or lease.
- (b) Annual Reports. - The Secretary of Defense shall include each year in the materials that the Secretary submits to Congress in support of the budget submitted by the President pursuant to section 1105 of title 31 the following:
- (1) A report on the expenditures and receipts during the preceding fiscal year covering the Funds established under section 2883 of this title.
  - (2) A methodology for evaluating the extent and effectiveness of the use of the authorities under this subchapter during such preceding fiscal year.
  - (3) A description of the objectives of the Department of Defense for providing military family housing and military unaccompanied housing for members of the armed forces.

-SOURCE-

(Added Pub. L. 104-106, div. B, title XXVIII, Sec. 2801(a)(1), Feb. 10, 1996, 110 Stat. 550.)

### FINAL REPORT

Section 2801(b) of Pub. L. 104-106 provided that: "Not later than March 1, 2000, the Secretary of Defense shall submit to the congressional defense committees (Committees on Armed Services and on Appropriations of the Senate and House of Representatives) a report on the use by the Secretary of Defense and the Secretaries of the military departments of the authorities provided by subchapter IV of chapter 169 of title 10, United States Code, as added by subsection (a). The report shall assess the effectiveness of such authority in providing for the construction and improvement of military family housing and military unaccompanied housing."

106TH CONGRESS }  
2d Session

HOUSE OF REPRESENTATIVES

{REPORT  
106-710

MAKING APPROPRIATIONS FOR MILITARY CONSTRUCTION, FAMILY HOUSING, AND BASE REALIGNMENT AND CLOSURE FOR THE DEPARTMENT OF DEFENSE FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2001, AND FOR OTHER PURPOSES

JUNE 29, 2000.--Ordered to be printed

Mr. HOBSON, from the committee on conference,

submitted the following

## CONFERENCE REPORT

[To accompany H.R. 4425]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4425) "making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 2001, and for other purposes", having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert:

### *DIVISION A--FISCAL YEAR 2001 MILITARY CONSTRUCTION*

#### *APPROPRIATIONS*

*That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated for military construction, family housing, and base realignment and closure functions administered by the Department of Defense, for the fiscal year ending September 30, 2001, and for other purposes, namely:*

#### *MILITARY CONSTRUCTION, ARMY*

*For acquisition, construction, installation, and equipment of temporary or permanent public works, military installations, facilities, and real property for the Army as currently authorized by law, including personnel in the Army Corps of Engineers and other per.*

65-231

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### FAMILY HOUSING, DEFENSE-WIDE

The conference agreement appropriates \$44,886,000 for Construction, Family Housing, Defense-wide, as proposed by the House and Senate.

#### DEPARTMENT OF DEFENSE FAMILY HOUSING IMPROVEMENT FUND

The conference agreement provides no appropriation for the Department of Defense Family Housing Improvement Fund, as proposed by the House and Senate. Transfer authority is provided for the execution of any qualifying project under privatization authority, which resides in the Fund.

*Contractor Support for Family Housing Privatization.*--The conferees are concerned about the Army spending excessive amounts on contractor support to evaluate and develop family housing privatization proposals. Therefore, the Deputy Under Secretary of Defense (Installations) is to review quarterly, and report to the appropriate Committees of Congress, the expenses of each component to ensure excessive amounts are not being spent on contractor support.

In the future, amounts appropriated into the Family Housing Improvement Fund will be the sole source of funds to finance the operation of the former Housing Revitalization Support Office. It is the conferees' intent that Family Housing funds will be the sole source of funds to develop, evaluate, and oversee privatization deals. The conferees direct the Under Secretary of Defense (Comptroller) to determine if these funds are best appropriated out of Family Housing Operation and Maintenance or Family



Housing Planning and Design and to provide consistency among the Services in the fiscal year 2002 budget submission. In addition, these funds will be separately identified and justified as a sub-element account. This sub-element is considered a congressional interest item and may not be increased from the amount enacted without the prior approval of the Committees on Appropriations.

*Reporting Requirements.*--The conferees are concerned that the 21-day period of review prior to entering a privatization contract is too limited, and is extending this review period to a 45-day period. The Service Secretary concerned may not enter into any contract until after the end of the 45-day period beginning on the date the Secretary concerned submits written notice of the nature and terms of the contract to the appropriate committees of Congress.

To clarify existing reporting requirements, this 45-day notification requirement applies to any project, regardless of whether it is financed entirely by transfer of funds into the Family Housing Improvement Fund, or it is fully financed within funds available in the Family Housing Improvement Fund, or it is funded by combining transferred funds with funds available in the Family Housing Improvement Fund.

In addition, no transfer of appropriated funds into the account may take place until after the end of the 45-day period beginning on the date the Secretary of Defense submits written notice and justification for the transfer to the appropriate committees of Congress. The House and Senate Appropriations Committees expect to receive prior notification of all such transfers of funds.

The Department is to continue its quarterly reports on the status of privatization projects.



DEPARTMENT OF THE AIR FORCE  
WASHINGTON, DC

16 APR 2003

Office of the Assistant Secretary

SAF/IEI  
1665 Air Force Pentagon  
Washington, DC 20330-1665

OK  
RV

The Honorable Joel Hefley  
Chairman, Subcommittee on Readiness  
Committee on Armed Services  
United States House of Representatives  
Washington, DC 20515-6035

Dear Mr. Chairman

I am notifying you of the Department of the Air Force's intent to award a housing privatization project for 552 units of military family housing for Patrick Air Force Base, Florida, using the Military Housing Privatization Initiative authorities enacted by Section 2801 of the National Defense Authorization Act for Fiscal Year 1996, P.L. 104-106, as amended (codified at 10 U.S.C. 2871 - 2885). The Under Secretary of Defense (Comptroller) will notify the Committees separately of the intent to award and inform them that no transfer of funds appropriated for Air Force military family housing construction into the Family Housing Improvement Fund is required for this project. A summary of the project is enclosed for your information.

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Sincerely

FRED W. KUHN  
Deputy Assistant Secretary of the Air Force  
(Installations)

Enclosure:  
Project Summary

## **MILITARY HOUSING PRIVATIZATION INITIATIVE AIR FORCE PROJECT SUMMARY**

### INSTALLATION:

Patrick AFB, FL

### SCOPE:

The Air Force proposes to enter into a limited liability company (LLC) with the Offeror to achieve two objectives. The first is to plan, design, develop, renovate, replace, construct, own, operate, maintain, and manage a 552 unit rental development for Air Force personnel (545 units in the South Housing Area and 7 units in the North Housing Area) for a period of up to 50 years. The second is to develop portions of the South Housing Area site, which are not required for Air Force use, in a manner that is compatible with the Air Force residential use. This development is to support, facilitate, and expedite the provision of Air Force housing units and provide an appropriate financial return to the Air Force in exchange for its contribution of land to the enterprise. These actions will accelerate housing development and reduce waiting times for more suitable housing, ultimately improving morale of Air Force personnel.

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#### AUTHORIZATIONS:

- 10 U.S.C. Section 2875, Investments.
- 10 U.S.C. Section 2878, Conveyance or lease of existing property and facilities.
- 10 U.S.C. Section 2880, Unit size and type.
- 10 U.S.C. Section 2881, Ancillary supporting facilities.
- 10 U.S.C. Section 2882, Occupants may pay rent by allotment to an eligible entity.
- 10 U.S.C. Section 2883, Department of Defense Housing Funds.

#### JUSTIFICATION:

Units were originally constructed in 1958 and 1959. Although unit exteriors have been renovated with new siding and roofing, interiors have received only minimal upgrades. The units have inadequate kitchens, bathrooms, living spaces, as well as substandard mechanical and electrical subsystems. Consequently, all units in the South Housing Area are in need of replacement or major renovation.

#### ECONOMIC ANALYSIS

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#### FUNDS AND OTHER ASSETS REQUIRED:

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#### SOURCE OF FUNDS AND OTHER ASSETS:

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#### NON-FAR DETERMINATION:

SAF/GCQ and SAF/GCN have concluded this transaction is a real estate transaction and, therefore, not subject to the Federal Acquisition Regulation (FAR).

#### NON-COMPETITION DETERMINATION:

SAF/IE and SAF/GCN have determined that this transaction is in compliance with PL 106-65, Section 2804.

Sec. 2883. Department of Defense Housing Funds

(a) Establishment. - There are hereby established on the books of the Treasury the following accounts:

(1) The Department of Defense Family Housing Improvement Fund.

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(b) Commingling of Funds Prohibited. - (1) The Secretary of Defense shall administer each Fund separately.

(2) Amounts in the Department of Defense Family Housing Improvement Fund may be used only to carry out activities under this subchapter with respect to military family housing.

(3) Amounts in the Department of Defense Military Unaccompanied Housing Improvement Fund may be used only to carry out activities under this subchapter with respect to military unaccompanied housing.

(c) Credits to Funds. - (1) There shall be credited to the Department of Defense Family Housing Improvement Fund the following:

(A) Amounts authorized for and appropriated to that Fund.

(B) Subject to subsection (f), any amounts that the Secretary of Defense transfers, in such amounts as provided in

appropriation Acts, to that Fund from amounts authorized and appropriated to the Department of Defense for the acquisition or construction of military family housing.

(C) Proceeds from the conveyance or lease of property or facilities under section 2878 of this title for the purpose of

carrying out activities under this subchapter with respect to military family housing.

(D) Income derived from any activities under this subchapter with respect to military family housing, including interest on loans made under section 2873 of this title, income and gains realized from investments under section 2875 of this title, and any return of capital invested as part of such investments.

(E) Any amounts that the Secretary of the Navy transfers to that Fund pursuant to section 2814(i)(3) of this title, subject to the restrictions on the use of the transferred amounts specified in that section.

(2) There shall be credited to the Department of Defense Military Unaccompanied Housing Improvement Fund the following:

(A) Amounts authorized for and appropriated to that Fund.

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(d) Use of Amounts in Funds. - (1) In such amounts as provided in appropriation Acts and except as provided in subsection (e), the Secretary of Defense may use amounts in the Department of Defense Family Housing Improvement Fund to carry out activities under this subchapter with respect to

military family housing, including

activities required in connection with the planning, execution, and administration of contracts entered into under the authority of this subchapter. The Secretary may also use for expenses of activities required in connection with the planning, execution, and administration of such contracts funds that are otherwise available to the Department of Defense for such types of expenses.

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(3) Amounts made available under this subsection shall remain available until expended. The Secretary of Defense may transfer amounts made available under this subsection to the Secretaries of the military departments to permit such Secretaries to carry out the activities for which such amounts may be used.

(e) Limitation on Obligations. - The Secretary may not incur an obligation under a contract or other agreement entered into under this subchapter in excess of the unobligated balance, at the time the contract is entered into, of the Fund required to be used to satisfy the obligation.

(f) Notification Required for Transfers. - A transfer of appropriated amounts to a Fund under paragraph (1)(B) or (2)(B) of subsection (c) may be made only after the end of the 30-day period beginning on the date the Secretary of Defense submits written notice of, and justification for, the transfer to the appropriate committees of Congress.

(g) Limitation on Amount of Budget Authority. - The total value in budget authority of all contracts and investments undertaken using the authorities provided in this subchapter shall not exceed

(1) \$850,000,000 for the acquisition or construction of military family housing; and

(2) \$150,000,000 for the acquisition or construction of military unaccompanied housing.

#### -SOURCE-

(Added Pub. L. 104-106, div. B, title XXVIII, Sec. 2801(a)(1), Feb. 10, 1996, 110 Stat. 548; amended Pub. L. 104-201, div. B, title XXVIII, Sec. 2804, Sept. 23, 1996, 110 Stat. 2788; Pub. L. 106-65, div. B, title XXVIII, Sec. 2802(b), Oct. 5, 1999, 113 Stat. 848.)

#### AMENDMENTS

1999 - Subsec. (c)(1)(E). Pub. L. 106-65, Sec. 2802(b)(1), added subpar. (E). Subsec. (c)(2)(E). Pub. L. 106-65, Sec. 2802(b)(2), added subpar. (E).

1996 - Subsec. (d)(1), (2). Pub. L. 104-201 inserted at end "The Secretary may also use for expenses of activities required in connection with the planning, execution, and administration of such contracts funds that are otherwise available to the Department of Defense for such types of expenses."

## Sec. 2884. Reports

- (a) Project Reports. - (1) The Secretary of Defense shall transmit to the appropriate committees of Congress a report describing -
- (A) each contract for the acquisition or construction of family housing units or unaccompanied housing units that the Secretary proposes to solicit under this subchapter; and
  - (B) each conveyance or lease proposed under section 2878 of this title.
- (2) The report shall describe the proposed contract, conveyance, or lease and the intended method of participation of the United States in the contract, conveyance, or lease and provide a justification of such method of participation. The report shall be submitted not later than 30 days before the date on which the Secretary issues the contract solicitation or offers the conveyance or lease.
- (b) Annual Reports. - The Secretary of Defense shall include each year in the materials that the Secretary submits to Congress in support of the budget submitted by the President pursuant to section 1105 of title 31 the following:
- (1) A report on the expenditures and receipts during the preceding fiscal year covering the Funds established under section 2883 of this title.
  - (2) A methodology for evaluating the extent and effectiveness of the use of the authorities under this subchapter during such preceding fiscal year.
  - (3) A description of the objectives of the Department of Defense for providing military family housing and military unaccompanied housing for members of the armed forces.

-SOURCE-

(Added Pub. L. 104-106, div. B, title XXVIII, Sec. 2801(a)(1), Feb. 10, 1996, 110 Stat. 550.)

### FINAL REPORT

Section 2801(b) of Pub. L. 104-106 provided that: "Not later than March 1, 2000, the Secretary of Defense shall submit to the congressional defense committees (Committees on Armed Services and on Appropriations of the Senate and House of Representatives) a report on the use by the Secretary of Defense and the Secretaries of the military departments of the authorities provided by subchapter IV of chapter 169 of title 10, United States Code, as added by subsection (a). The report shall assess the effectiveness of such authority in providing for the construction and improvement of military family housing and military unaccompanied housing."



106TH CONGRESS }  
2d Session

HOUSE OF REPRESENTATIVES

(REPORT  
106-710

MAKING APPROPRIATIONS FOR MILITARY CONSTRUCTION, FAMILY HOUSING, AND BASE REALIGNMENT AND CLOSURE FOR THE DEPARTMENT OF DEFENSE FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2001, AND FOR OTHER PURPOSES

JUNE 29, 2000.--Ordered to be printed

Mr. HOBSON, from the committee on conference,

submitted the following

## CONFERENCE REPORT

[To accompany H.R. 4425]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4425) "making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 2001, and for other purposes", having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert:

### *DIVISION A--FISCAL YEAR 2001 MILITARY CONSTRUCTION*

#### *APPROPRIATIONS*

*That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated for military construction, family housing, and base realignment and closure functions administered by the Department of Defense, for the fiscal year ending September 30, 2001, and for other purposes, namely:*

#### *MILITARY CONSTRUCTION, ARMY*

*For acquisition, construction, installation, and equipment of temporary or permanent public works, military installations, facilities, and real property for the Army as currently authorized by law, including personnel in the Army Corps of Engineers and other per.*

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### FAMILY HOUSING, DEFENSE-WIDE

The conference agreement appropriates \$44,886,000 for Construction, Family Housing, Defense-wide, as proposed by the House and Senate.

#### DEPARTMENT OF DEFENSE FAMILY HOUSING IMPROVEMENT FUND

The conference agreement provides no appropriation for the Department of Defense Family Housing Improvement Fund, as proposed by the House and Senate. Transfer authority is provided for the execution of any qualifying project under privatization authority, which resides in the Fund.

*Contractor Support for Family Housing Privatization.--*The conferees are concerned about the Army spending excessive amounts on contractor support to evaluate and develop family housing privatization proposals. Therefore, the Deputy Under Secretary of Defense (Installations) is to review quarterly, and report to the appropriate Committees of Congress, the expenses of each component to ensure excessive amounts are not being spent on contractor support.

In the future, amounts appropriated into the Family Housing Improvement Fund will be the sole source of funds to finance the operation of the former Housing Revitalization Support Office. It is the conferees' intent that Family Housing funds will be the sole source of funds to develop, evaluate, and oversee privatization deals. The conferees direct the Under Secretary of Defense (Comptroller) to determine if these funds are best appropriated out of Family Housing Operation and Maintenance or Family

Housing Planning and Design and to provide consistency among the Services in the fiscal year 2002 budget submission. In addition, these funds will be separately identified and justified as a sub-element account. This sub-element is considered a congressional interest item and may not be increased from the amount enacted without the prior approval of the Committees on Appropriations.

*Reporting Requirements.*--The conferees are concerned that the 21-day period of review prior to entering a privatization contract is too limited, and is extending this review period to a 45-day period. The Service Secretary concerned may not enter into any contract until after the end of the 45-day period beginning on the date the Secretary concerned submits written notice of the nature and terms of the contract to the appropriate committees of Congress.

To clarify existing reporting requirements, this 45-day notification requirement applies to any project, regardless of whether it is financed entirely by transfer of funds into the Family Housing Improvement Fund, or it is fully financed within funds available in the Family Housing Improvement Fund, or it is funded by combining transferred funds with funds available in the Family Housing Improvement Fund.

In addition, no transfer of appropriated funds into the account may take place until after the end of the 45-day period beginning on the date the Secretary of Defense submits written notice and justification for the transfer to the appropriate committees of Congress. The House and Senate Appropriations Committees expect to receive prior notification of all such transfers of funds.

The Department is to continue its quarterly reports on the status of privatization projects.